



"Friday Letter"
To the Board of Directors
August 17, 2012

From: Rick Howard, General Manager

General Manager/Administration:

- ✓ As you are aware, the Discovery Bay Public Finance Authority sold \$14.1M in Enterprise Revenue Bonds this week. I have attached a copy of the Transaction Summary Report provided by the Underwriter. On Wednesday, you were provided a copy of the Preliminary Official Statement. That document is now the "Official Statement" and you will receive a copy of that document as soon as it arrives.
- ✓ On a related note, Dina, Lesley, and I will meet next week with the project Trustee, Deutsche Bank National Trust Company (the bank that will hold all funds in trust for the duration of the project) in San Francisco. This is necessary so that the finance team will be prepped on the steps necessary to submit draw downs for project payments.
- ✓ We met with our IT consultants this week and finalized the selection for the new phone system. The system will be voice over internet protocol, or VOIP. This will allow a much more robust system than a traditional system will offer – and at a fraction of the cost. The vendor is MegaPath out of Costa Mesa, CA. Installation is still scheduled for the end of September.
- ✓ Liz celebrated another birthday – Happy Birthday Liz!

Water and Wastewater Services

- ✓ The Bio solids project continues, and the steel building covering the equipment is being constructed. We are in the process of completing the engineering so that we can complete the final solar pad under the current contract and use the bond proceeds as this project is included in the overall project listing.
- ✓ As we discussed at the last meeting, Tuesday August 21, Plant II will be powered down for up to four (4) hours while the power system is upgraded as a part of the project. While the system is down, the bypass will be utilized. Veolia staff and District staff will be on hand in

the event problems arise. A dry run took place yesterday without any hiccups. I will keep you posted next week as to what takes place.

- ✓ As I noted last week we had a number of brown water calls. Once the problem was corrected, we have not had any calls since that time.
- ✓ On Wednesday, Conco West was on site at the Willow Lake Water Treatment Plant fixing a broken valve in the Filter C assembly. As you can see by the photo, below, there was a piece broken off of the valve (bottom of photo), allowing water to continue to go through the valve when it should have been closed off. The problem has been corrected and all three (3) in-line valves have been replaced.





Financial Services

- ✓ Next week, Dina is meeting at Diablo Water with other municipalities and Districts to discuss improved customer service for our respective staff. Collaborative training programs are anticipated!
- ✓ With the new Caselle financial software upgrade, we will now have the ability to electronically enter purchase requisitions into the system, which can then be tracked and monitored electronically instead of manually. This will be a huge benefit as construction projects move forward.

Parks and Landscape Services

- ✓ Work on the Clipper Drive Landscape Enhancement Project continues to move forward.
- ✓ Fairin meets twice weekly with Valley Crest Landscape in order to continue to address service and contractual issues. VCL has made progress and we are hopeful all will be resolved soon.
- ✓ On Thursday, a Valley Crest truck failed to negotiate the east bound corner of Highway 4 and Channel Road, on their way to WWTP1. The photo, below, tells the whole story...



Important Dates

Upcoming important dates are as follows:

- Lions Club Big Cat Poker Run – Saturday, August 17, 2012 at the Discovery Bay Marina
- CSD Regular Board Meeting – Wednesday, September 5, 2012 at 7:00 p.m.



BOND SALE SUMMARY
Town of Discovery Bay/Discovery Bay Public Financing Authority
Series 2012 Enterprise Revenue Bonds
August 15, 2012



KEY FACTS AND FIGURES

Bond Size	\$14,150,000
Sale Date	August 15, 2012 <i>The date the interest rates were established</i>
Closing Date	August 28, 2012 <i>The date the Bonds will be paid for by and delivered to the Underwriter</i>
TIC (%)	4.0008% <i>"True Interest Cost" is the industry standard measure of the cost of the financing including the Underwriter's Discount - a measure of the cost of the funds</i>
AIC (%)	4.1178% <i>"All Inclusive Cost" is the measure of the cost of the financing including Underwriter's Discount and all costs of issuance - a measure of the cost of financing the Project</i>
First Interest Payment Date	December 1, 2013 <i>Interest is payable semiannually thereafter on June 1 and December 1 each year</i>
First Principal Payment Date	December 1, 2014 <i>Principal is payable annually thereafter on December 1 each year</i>
FY 2012-13 Debt Service	\$408,523.65 <i>The amount of payments coming due in the current fiscal year (no principal payment)</i>
Average Annual Debt Service	\$825,039.25 <i>The calculated average of the combined principal and interest payments coming due in each fiscal year through maturity, excluding FY 2012-13</i>
Maximum Annual Debt Service	\$827,575.00 <i>The maximum combined principal and interest payment due in any given fiscal year through maturity (occurs in FY 2039-40)</i>
Total Interest Payments	\$11,009,492.40 <i>The sum of all interest payments to be made over the life of the bonds</i>
Total Principal and Interest Payments	\$25,159,492.40 <i>The sum of all principal and interest payments to be made over the life of the bonds</i>
Average Life	18.492 Years <i>The amount of time until 1/2 of the principal balance of the bonds will be repaid</i>
Pre-Payment	After 10 Years without penalty <i>Outstanding bonds may be called in from investors any time after December 1, 2022 at their face value without redemption premium (at "par" or "100")</i>



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SOURCES OF FUNDS

Par	\$14,150,000.00
<i>The principal amount of the Bonds</i>	
Premium	<u>362,346.45</u>
<i>Net amount paid for the bonds in excess of Par in exchange for higher interest (coupon) rates</i>	
TOTAL SOURCES	<u>\$14,512,346.45</u>

USES OF FUNDS

Wastewater Projects	\$12,600,000.00
Water Projects	1,500,000.00
Financing Costs	<u>412,346.45</u>
TOTAL USES	<u>\$14,512,346.45</u>